

FISCAL NOTE

Bill #: HB0547

Title: Revise agricultural laws--genetically engineered wheat seed

Primary Sponsor: Lenhart, R

Status: As Introduced

Sponsor signature

Date

David Ewer, Budget Director

Date

Fiscal Summary

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
Expenditures:		
General Fund	\$29,914	\$60,410
Revenue:		
General Fund	\$0	\$0
Net Impact on General Fund Balance:	(\$29,914)	(\$60,410)

<input type="checkbox"/> Significant Local Gov. Impact	<input checked="" type="checkbox"/> Technical Concerns
<input type="checkbox"/> Included in the Executive Budget	<input checked="" type="checkbox"/> Significant Long-Term Impacts
<input checked="" type="checkbox"/> Dedicated Revenue Form Attached	<input checked="" type="checkbox"/> Needs to be included in HB 2

Fiscal Analysis

ASSUMPTIONS:

Department of Agriculture (DOA)

1. No Genetically Engineered (GE) wheat varieties are currently approved for release in the United States by the regulatory agencies. Numerous research projects involving wheat have been studied including Round-up Ready and Fusarium-resistant Wheat.
2. Program start-up and subsequent program coordination will require 0.50 FTE, grade 15 Program Manager (\$24,914 salary and benefits), to write administrative rules; develop standard operating procedures for inspections and investigations, train field and administrative staff, and coordinate program activities among department field offices. Additional administrative support will require the addition of 0.50 FTE, grade 9 (\$15,239 salary and benefits) once the program is initiated. Administrative support will not be needed in FY 2006.
3. Initial program preparation operations costs of \$5,000 will be needed in FY 2006. Once GE wheat is registered for use in Montana (or is anticipated to be registered), program start-up operations costs would be \$21,458.
4. Post initial start-up operations costs would be \$7,800 annually.
5. The department anticipates additional field duties to inspect locations where GE seeds are sold and labeled, and to investigate complaints of improper sales or failure to follow instructions. The department already inspects 90 seed dealers each year, and these inspections will be modified so that they include

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(continued)

checking for GE seed instructions and record keeping. The department assumes that approximately 20 complaints will be received yearly requiring investigation. The complaint/investigative responsibilities will require the addition of 0.25 FTE, Grade 15 (\$12,457 and benefits) at such time as GE seeds are approved for release.

6. The department assumes that the primary source of revenue will be fees provided for in Section 4 of the bill and any civil penalties collected. It is not possible to accurately project revenue from civil penalties, however, the department assumes that 25 percent of complaints would result in violations and an average civil penalty of \$500 would be assessed per violation resulting in deposits to the special revenue account totaling \$2,500 per year. Additional revenue would come from fees when GE seeds have been approved for release and registered for use in the state of Montana.
7. Revenue for a GE program within the Department of Agriculture will require general fund until such time as GE seeds have been approved for release and are registered for use in Montana. The department cannot predict when such releases might be approved for release by USDA and registered for use in Montana.
8. When GE seeds have been approved for release and registered for use in Montana, a special revenue account will be established and receive funds and pay for program expenditures. At that time, a commensurate reduction in general fund would be expected to occur.
9. When GE seeds have been approved for use in Montana, it is anticipated that the program will generate revenue and could become self-supporting.

FISCAL IMPACT:

Department of Agriculture (DOA)

	<u>FY 2006</u> <u>Difference</u>	<u>FY 2007</u> <u>Difference</u>
FTE	0.50	1.25
<u>Expenditures:</u>		
Personal Services	\$24,914	\$52,610
Operating Expenses	<u>\$5,000</u>	<u>\$7,800</u>
TOTAL	\$29,914	\$60,410
<u>Funding of Expenditures:</u>		
General Fund (01)	\$29,914	\$60,410
<u>Revenues:</u>		
State Special Revenue (02)	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	(\$29,914)	(\$60,410)

LONG-RANGE IMPACTS: The long-range impacts of this bill are difficult to predict since they depend upon the development and approval of GE wheat varieties and the decisions by manufacturers to market their product. However, Montana's approximately 275 seed dealers and labelers will need to ensure that GE seeds have instructions, that they maintain records of sales, and cooperate with department inspectors.

TECHNICAL NOTES:

1. The state of Montana and seed manufacturers may be exposed to liability as a result of cross-contamination in Section 7 because the grower is released of liability if all instructions provided with the wheat seed are followed.